

3 FAM 7320 COMPENSATION PLANS

3 FAM 7321 GENERAL PURPOSE

(TL:PER-237; 1-1-95)

(Uniform State/USAID/USIA/Commerce/Agriculture)

(Applies to Foreign Service Nationals Only)

A local compensation plan forms the legal basis for all compensation payments to FSN employees. All payments to FSN employees, such as salary, direct benefit payments, and premium compensation, and U.S. Government contributions to host government social insurance or private insurance plans, shall be specifically authorized in the joint local compensation plan. See 3 FAH-2H, Chapter 2 for format and content of local compensation plans.

3 FAM 7322 INITIAL PLANS

(TL:PER-237; 1-1-95)

(Uniform State/USAID/USIA/Commerce/Agriculture)

(Applies to Foreign Service Nationals Only)

If possible, a local compensation plan will be developed and installed at a new overseas establishment before FSN employees are hired. If a plan cannot be developed before the overseas establishment is opened, a compensation plan already in effect at a neighboring post may be used pending completion of the initial local salary survey (see section 3 FAH-2 H-0215A, Chapter 2).

3 FAM 7323 REVISED PLANS

(TL:PER-237; 1-1-95)

(Uniform State/USAID/USIA/Commerce/Agriculture)

(Applies to Foreign Service Nationals Only)

Revisions of existing joint local compensation plans are normally based on surveys conducted by the State overseas establishment in an area. Revisions may become necessary:

(1) When public and private enterprises in an area provide general salary adjustments to their employees. In order to effect similar adjustments surveys will be conducted in accordance with section 3 FAH-2 H-0220, Chapter 2.

(2) When the host government promulgates a decree adjusting the salary rates paid employees of all or most public and private enterprises in an area. No basic salary survey, salary change survey, or spot check review survey is generally needed to implement the adjustments ordered by host government decree. The provisions of the decree, for example, whether it affects all categories or only specific categories of employees, or whether the increase varies from category to category, indicate the extent to which the joint local compensation plan may be revised.

(3) In order to reflect changes in any other authorized payments or to incorporate new types of payments; for example, premium pay rates, bonus payments, and contributions to host government or private insurance plans. Such action requires a survey of prevailing pay practices throughout the area to determine the consistency of the proposal with such practices as listed in 3 FAM 7312.

3 FAM 7324 DEVELOPMENT PROCEDURES

(TL:PER-237; 1-1-95)

(Uniform State/USAID/USIA/Commerce/Agriculture)

(Applies to Foreign Service Nationals Only)

All new or revised local compensation plans are developed by the mission for all posts under its administrative jurisdiction in accordance with the provisions of 3 FAH-2H, Chapter 2, except as provided in section 3 FAM 7322. In unusual circumstances, alternative procedures for developing a local compensation plan may be used subject to prior approval of their use by PER/FSN. Requests for such approvals should be submitted to State PER/FSN for review and coordination with other affected agencies. Information copies should also be forwarded to the headquarters offices of other concerned agencies.

A post receiving payrolling services from a regional center or fiscal-servicing post shall seek the advice of its servicing center or post regarding any proposed new pay plans prior to adoption of the new plan, so that administrative difficulties may be minimized.

3 FAM 7325 APPROVAL AND INSTALLATION PROCEDURES--HEADQUARTERS AGENCIES

3 FAM 7325.1 Approval and Funding

(TL:PER-237; 1-1-95)

(Uniform State/USAID/USIA/Commerce/Agriculture)

(Applies to Foreign Service Nationals Only)

All new local compensation plans and all revisions or amendments to existing plans are subject to approval by Washington headquarters. Sections and 3 FAH-2 H-0220, 3 FAH-2 H-0230, Chapter 2, are the basis for a salary schedule revision. Sufficient information and data must be submitted to enable the Department to effectively evaluate proposed revisions.

3 FAM 7325.2 Discretionary Increases

(TL:PER-237; 1-1-95)

(Uniform State/USAID/USIA/Commerce/Agriculture)

(Applies to Foreign Service Nationals Only)

Upon approval by agency headquarters, plans may be installed as of the beginning of:

(1) The pay period coincident with, or next following, the date on which PER/FSN receives a complete set of salary survey data that is the basis for the increase to the FSN pay plan; or

(2) A subsequent pay period;

(3) A prior pay period if salary survey data clearly documents a majority (51 percent) of surveyed employers adjusted pay effective on a date before the date the employer announced the adjustment.

Normally, requests for salary increases based on spotcheck salary revisions should not be submitted more than once every 3 months, or if resulting increases are less than 4 percent, unless based on host government action. Exceptions to these limits require written approval in advance of the request from officials designated in 3 FAM 7313.2. This does not restrict requests for salary increases of less than 4 percent when based on full-scale or annual salary change surveys.

Installation dates will be coordinated among headquarters agencies to insure simultaneous installation to the maximum extent possible. If an agency needs additional funds to cover the increased costs of installations, all agencies should withhold implementation for a short period. Thereby, the agency lacking funds may have time to secure the necessary allotment increase from its headquarters office. If the affected agency has not received the increased funding authorization, all other agencies may proceed with installation of the plan, provided the headquarters agencies represented at post and the Chief of Mission (COM) approves implementation by some agencies and not by others. Once the agency lacking funds secures the necessary increase in allotment, installation must be prospective, except as provided in section 3 FAM 7325.3. There is no authority to permit installation of the plan retroactively to the date all other agencies installed the plan. If the COM does not approve implementation by some agencies and not others, on its eventual implementation the plan must be effective prospectively, except as provided in section 7325.3.

3 FAM 7325.3 Mandatory Increases

(TL:PER-237; 1-1-95)

(Uniform State/USAID/USIA/Commerce/Agriculture)

(Applies to Foreign Service Nationals Only)

A new or revised local compensation plan may be implemented on a specific day of a pay period prior to receipt of data if such adjustment would be consistent with the public interest and is a result of a host government issuance (irrespective of whether it either is or will be legally binding) which has affected the compensation of the employees of most local enterprises surveyed as the basis for establishing local compensation plans.

3 FAM 7325.4 Determining Effective Date

(TL:PER-237; 1-1-95)

(Uniform State/USAID/USIA/Commerce/Agriculture)

(Applies to Foreign Service Nationals Only)

If a pay period prior to receipt of data is used based on sections 7325.2 or 7325.3, the pay period effective date shall be determined as follows:

- (1) At the beginning of a pay period when the median date of measured increases coincides with the beginning of that pay period; or
- (2) At the beginning of the pay period immediately following that median date; or
- (3) On the effective date of a host government decree affecting most or all public and private employers.

Exceptions will be considered only when the regional payrolling center confirms that identifiable administrative cost-savings would result from implementation at the beginning of the pay period prior to the host government specified day.

3 FAM 7325.5 Median Date

(TL:PER-237; 1-1-95)

(Uniform State/USAID/USIA/Commerce/Agriculture)

(Applies to Foreign Service Nationals Only)

“Median date” is defined as the middle date in the sequence of increase dates. The median date may become the average of the two middle dates when the sequence contains an even number of dates. Increase dates for all surveyed companies must be reported.

For those surveyed companies which report two or more increase dates if the increase affects:

— All employees, an averaging method will be used to determine the median date; or

— Only limited numbers of employees, the final increase date reported by that company will be considered in determining the median date.

3 FAM 7325.6 Data Submissions

(TL:PER-237; 1-1-95)

(Uniform State/USAID/USIA/Commerce/Agriculture)

(Applies to Foreign Service Nationals Only)

All data submissions for salary adjustments under section 3 FAM 7325.4 should include the following information:

- (1) The employer identification codes from the latest full survey;
- (2) The percentage or fixed amount of the increase;
- (3) The effective dates of all implemented employer increases since the previous survey; and
- (4) Whether the increase affected all or only certain categories of employees in each company along with an explanation of the difference for each category of employee.

3 FAM 7325.7 Impact of Effective Dates on Benefit Payment and Absent Employees

(TL:PER-237; 1-1-95)

(Uniform State/USAID/USIA/Commerce/Agriculture)

(Applies to Foreign Service Nationals Only)

All approved increases occurring on a pay period prior to receipt of data will be applied to local compensation plan annual basic rates only and will not apply to benefits, such as severance payments, lump-sum payments, premium compensation, or any other compensatory considerations unless data are available indicating it is prevailing practice to do so. Such increases will be implemented only for those FSN employees who were on post rolls when Washington approval was granted, and who were on post rolls as of the adjustment date. The salary of any FSN employees who entered on duty in the interim period (between effective date and approval date) will be affected only back to the dates of their entry on duty. The salary of an FSN employee no longer employed by the post on the date approval is granted will not be affected by the change that occurs on a prior date.

3 FAM 7325.8 Distribution of Copies

(TL:PER-237; 1-1-95)

(Uniform State/USAID/USIA/Commerce/Agriculture)

(Applies to Foreign Service Nationals Only)

After installation of a new or revised local compensation plan, the mission assures that copies of the plan, prepared in accordance with 3 FAH-2H, Chapter 2, are distributed as follows:

(1) One copy to the appropriate regional bureau in the Department.

(2) One copy to PER/FSN in the Department.

(3) Three copies (or more if requested) to each overseas establishment signing the plan for field use and submission to respective agency headquarters. USAID establishments submit one copy to the Position Management and Classification Branch, M/HR/POD/PMC. USIA establishments submit one copy to the Foreign National Personnel Staff (M/PFN). Commerce establishments submit one copy to the Foreign Commercial Service (ITA/FCS/OPA); Agriculture establishments submit one copy to USDA/ FAS/PD.

(4) Three copies to constituent posts, if appropriate.

(5) Additional copies for internal post use; for example, personnel office, budget and fiscal office, employee information, etc., if necessary.

3 FAM 7326 IMPLEMENTING REVISED COMPENSATION PLANS

3 FAM 7326.1 Determining Adjustments

(TL:PER-237; 1-1-95)

(Uniform State/USAID/USIA/Commerce/Agriculture)

(Applies to Foreign Service Nationals Only)

Revisions in the local compensation plan are to be applied before any personnel actions that affect individual salaries, such as promotions or step increases, which are effective on the same date as the plan revisions. When a joint local compensation plan is revised, adjustments in individual salaries and/or grades of positions are worked out in general conformance with the following principles:

(1) No employee should suffer a decrease in salary due solely to the installation of a new or revised local compensation plan, except in the event of a general downward revision of the joint schedule as a consequence of a substantial decrease in prevailing salary rates.

(2) Normally, no change in an employee's grade level designation or step is justified as a result of implementing revised compensation plans.

(3) If relatively few employees would suffer a small decrease solely due to installation of a new plan, post may change the employee's step to the next highest step that preserves the employee's existing rate of pay.

(4) If most employees would suffer a significant decrease the Regional Bureau may authorize a lower pay schedule along with a Temporary Schedule Revision Allowance for each employee equal to the difference between each employee's previous higher rate and the rate on the new lower schedule.

3 FAM 7326.2 Pay Retention

(TL:PER-237; 1-1-95)

(Uniform State/USAID/USIA/Commerce/Agriculture)

(Applies to Foreign Service Nationals Only)

If an employee's compensation exceeds the maximum for the employee's grade level upon change in the local compensation plan or the classification of the encumbered position, the employee's current compensation may be frozen or placed in a saved rate category. (See 3 FAM 7500 for downgrading regulations.)

3 FAM 7326.2-1 Saved Rate

(TL:PER-237; 1-1-95)

(Uniform State/USAID/USIA/Commerce/Agriculture)

(Applies to Foreign Service Nationals Only)

Once an employee is placed in a saved rate, as outlined above, the employee is normally granted, at the time of subsequent salary increases, one-half of the average percentage or fixed amount increase at the employee's proper grade level. If after increasing the employee's saved rate, the increased rate falls within the new salary range for the employee's position, the employee normally is placed in the top step rate of the grade level of the employee's position. If the employee's increased rate exceeds the maximum rate of the proper level of the employee's position, the employee continues as a saved pay case at the newly adjusted rate.

3 FAM 7326.2-2 Frozen Rate

(TL:PER-237; 1-1-95)

(Uniform State/USAID/USIA/Commerce/Agriculture)

(Applies to Foreign Service Nationals Only)

An employee's adjusted basic rate is frozen when the above situation is judged to not be normal. The normal situation is one where half the yearly increases will allow the saved rate employee to be placed on a regular step rate for the grade level of the employee's position within a reasonable period of time of three to five years. When it appears that this time period will be exceeded, post may request and PER/FSN may authorize frozen rates with no increases except those resulting from host government decrees. PER/FSN may also freeze any part of an employee's total compensation package, that is, pay and/or benefits, at that point in time when changes to the local compensation plan are being authorized at lower levels than those previously authorized.

3 FAM 7326.2-3 Host Government Decree

(TL:PER-237; 1-1-95)

(Uniform State/USAID/USIA/Commerce/Agriculture)

(Applies to Foreign Service Nationals Only)

In the case of host government decrees which affect the salaries of most or all private and public enterprises, the full amount of the average salary increase granted may be authorized at the employee's saved or frozen rate.

3 FAM 7326.2-4 Involuntary Transfer of Employees

(TL:PER-237; 1-1-95)

(Uniform State/USAID/USIA/Commerce/Agriculture)

(Applies to Foreign Service Nationals Only)

The general principles set forth above also generally apply in cases of involuntary transfer of employees from another salary schedule within the same country based on the same weekly hours of work. These principles do not apply to a transfer from pay schedules involving a change in the weekly hours of work, e.g. a change from a 48 hour schedule to a 40 hour schedule.

3 FAM 7326.3 Saved Rate Retention Period

(TL:PER-237; 1-1-95)

(Uniform State/USAID/USIA/Commerce/Agriculture)

(Applies to Foreign Service Nationals Only)

a. An employee at a saved rate retains saved rate status until:

(1) The salary range of the employee's grade is increased to the extent that one or more step rates exceed the saved rate, at which time the employee normally is placed in the top step rate of the employee's grade;

(2) Promoted to a position with a higher step rate;

(3) Separated from the overseas establishment.

b. A saved rate is removed from the local salary schedule at the time it is no longer payable to the incumbent. Saved rates are not step rates on the plan and employees may not be advanced to them. The "TO" block of SF-50, Notification of Personnel Action, of an employee being placed in saved rate status, should reflect the employee's new grade level designation. The step and salary should be shown as the Saved or Frozen Rate (SR or FR) of the new grade level to which the employee is assigned, followed by the notation "See Remarks." The "Remarks" section should contain the following notation: "Employee is entitled to annual salary of _____ by virtue of saved rate status as provided in 3 FAM 7326."

3 FAM 7326.4 Effect on Within Grade Increases

(TL:PER-237; 1-1-95)

(Uniform State/USAID/USIA/Commerce/Agriculture)

(Applies to Foreign Service Nationals Only)

Pay increases resulting from salary adjustments in a revised local compensation plan normally should not affect the waiting period for the award of WGI's. However, when a significant change has occurred in the salary structure, such as a change in the number of grades or step rates, or in the length of the waiting period, it may be desirable to provide that the waiting period for the next WGI for some or all employees begins on the effective date of such a revised compensation plan. If a new waiting period for such an increase is established, a statement to that effect is included in the "Remarks" section of the personnel action form or other instrument effecting the salary adjustment to the new schedule. When an employee is required to begin a new waiting period upon the installation of a revised compensation plan, that fact, in addition to those listed in section 3 FAM 7326, is taken into consideration when adjusting the employee's salary to the new plan.

3 FAM 7327 THROUGH 7329 UNASSIGNED